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- 3) Prime Minister's Official Residence (Kantei)

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Prime Minister's schedule, June 10

NIKKEI (Page 2) (Full)
June 11, 2008

08:52

Attended a cabinet meeting.

09:19

Met MAFF Minister Wakabayashi and Chief Cabinet Secretary Machimura, followed by Justice Minister Hatoyama, MHLW Minister Masuzoe, and Machimura. Masuzoe and Machimura stayed on. Afterward met National Public Safety Commission Chairman Izumi.

09:51

Met U.S. Ambassador to Japan Schieffer and his wife at the Kantei.

11:00

Met Science Council of Japan Chairman Kanazawa and Vice Chairman Doi in the presence of Science and Technology Minister Kishida, Cabinet special adviser Kurokawa, and others. Afterward met Economic and Fiscal Policy Minister Ota in the presence of Assistant Chief Cabinet Secretary Saka. Ota stayed on.

12:18

Had lunch with LDP third-term members in the presence of Deputy Chief Cabinet Secretary Ono, joined by Machimura.

14:10

Met Cabinet Intelligence Director General Mitani, followed by Lower House National Basic Policy Committee Chairman Eto and principal director Hagiwara, followed by Vice Foreign Minister Yabunaka Asian and Oceanian Affairs Bureau Director General Saiki. Yabunaka stayed on.

15:30

Met New Komeito head Ota, LDP Secretary General Ibuki, New Komeito Secretary General Kitagawa in the presence of Machimura.

16:05

Met assistant Ito. Later attended a CEFP meeting.

18:13

Met Prime Minister Vanhanen of Finland, followed by a joint press conference.

19:03

Hosted a dinner party.

20:24

Returned to his official residence.

- 4) Ruling parties OK extending SDF missions in Iraq, Indian Ocean

MAINICHI (Page 5) (Full)
June 11, 2008

The ruling Liberal Democratic Party and its coalition partner, New Komeito, approved the government's plans yesterday to extend the Maritime Self-Defense Force's refueling mission in the Indian Ocean until Jan. 15 next year and the Air Self-Defense Force's airlifting mission in Iraq until the end of July next year. Prime Minister

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Yasuo Fukuda's cabinet is expected to endorse the plans on June 13.

The Iraq Special Measures Law and the Antiterrorism Special Measures Law, under which the MSDF and the ASDF are on their respective missions, are set to run out when the plans expire. There is no change in the ASDF and MSDF activities.

5) Ruling bloc submits bill amending child pornography law to Lower House; Continued deliberations eyed

MAINICHI (Page 2) (Full)
June 11, 2008

The Liberal Democratic Party and its coalition partner New Komeito yesterday submitted to the House of Representatives a lawmaker-initiated bill amending the Law for Punishing Acts Related to Child Prostitution and Child Pornography designed chiefly to ban the simple possession of child pornography. With the close of the current Diet session only days away, the two parties plan to carry deliberation on the bill to the next extraordinary Diet session in the fall to aim at its enactment in that session after holding talks with opposition parties. The ruling bloc's plan is designed to totally ban the simple possession of child pornography, saying, "Child pornography must not be possessed at will." Meanwhile, the major opposition Democratic Party of Japan's plan is intended to ban only cases in which child pornography is obtained in exchange for remunerations. Twists and turns are expected before a settlement line is reached.

6) Japan-North Korea formal talks start today: Japan aims at moving abduction issue forward

NIKKEI (Page 2) (Full)
June 11, 2008

Japan and North Korea will hold a two-day formal meeting in Beijing, starting today. Full-fledged talks will be the first since the second round of the working group meeting on Japan-North Korea normalization held in Ulan Bator under the six party talks in September last year. Japan wants to pave the way for achieving a tangible progress on the abduction issue. However, North Korea's response is unclear.

The meeting will bring together Akitaka Saiki, director general of the Foreign Ministry Asian and Oceanian Affairs Bureau, and Ambassador Song Il Ho in charge of normalization talks with Japan from North Korea. Talks will be held on the afternoon of the 11th and all day on the 12th. A dinner meeting is also scheduled for the evening of the 11th.

Foreign Minister Koumura during a press briefing on the 10th said, "If the North Korean side takes a concrete action, taking a big step forward, then we will also take a concrete action, taking a big step forward." He thus indicated the government's stance of taking a forward-looking measure, if there is a tangible progress over the abduction issue.

7) Something likely in return for progress on abductions: Koumura

ASAHI (Page 4) (Full)
June 11, 2008

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Japan and North Korea will hold a formal meeting of working-level officials from their foreign ministries in Beijing on June 11-12 to

discuss their matters of concern, including abductions and past issues. Attention will focus on how North Korea will respond to Japan's call for specific progress on the pending issue of Japanese abductees.

Japan and North Korea have held no formal talks since their working groups met in September last year on diplomatic normalization. Following an informal meeting held on June 7, the formal meeting this time will be held with the participation of the Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki from Japan and Song Il Ho, ambassador for negotiations over the normalization of diplomatic relations between North Korea and Japan, from North Korea.

Foreign Minister Koumura, meeting the press yesterday, indicated that Japan would consider something in return, such as easing Japan's sanctions, depending on progress on the abductions issue. "If they take a big step forward, we will also take a big step forward for specific action.

According to informed sources, North Korea may offer to turn over Japan Airlines hijackers. The United States cites this issue as one of its reasons for listing North Korea as a state sponsor of terrorism. Tokyo's Metropolitan Police Department has placed one of the hijackers on Interpol's international wanted list on suspicion of abducting Keiko Arimoto.

North Korea could bring up the hijackers issue as a possible card that can move its relations with Japan and the United States forward at the same time. Pyongyang wants Tokyo to ease Japan's sanctions on North Korea, gain ground for Japan's humanitarian aid, and dodge Japan's pursuit of North Korea over the abductions issue. However, Koumura says turning over the hijackers can hardly be called progress on the abductions issue.

8) N. Korea demands 4.2 billion yen from Japan in return for denuclearization

ASAHI (Page 11) (Abridged)
June 11, 2008

SEOUL-North Korea is calling for an anthracite coal gasification facility to be constructed as economic and energy aid in return for its denuclearization steps, South Korean government officials revealed yesterday. North Korea wants Japan to shoulder 40 million dollars (approx. 4.2 billion yen) to share the cost of construction.

On June 5, an economic and energy working group for the six-party talks met at Panmunjom, with North and South Korean representatives attending. On that occasion, North Korea made the request. North Korea will ask China to construct the facility, according to the officials.

North Korea is now in the process of disabling its nuclear-related facilities. In return, North Korea is to be aided with fuel oil amounting to 1 million tons. However, the Japanese government does not take part in this aid, taking the position that there is no progress on the issue of Japanese abductees. South Korea and other six-party members are calling on Japan to take part in this aid

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program at an early date. North Korea is believed to have singled Japan out in an aim to shake it down.

9) U.S. Under Secretary of State Burns hopes Japan-North Korea talks will produce results

NIKKEI (Page 2) (Full)
June 11, 2008

Referring to formal Japan-North Korea talks to be held in Beijing, starting from June 11, visiting Under Secretary of State for Political Affairs Burns noted, "I hope the talks will produce a definite result." Regarding the issue of the U.S. delisting North Korea from its list of state sponsors of terrorism, the issue in the

spotlight, Burns underscored the U.S. stance that it would reach a final decision, based on its law, depending on progress on North Korea's nuclear issue.

10) Japan to apply for extending its continental shelf to CLCS with aim of gaining right to resource exploitation

YOMIURI (Page 2) (Full)
June 11, 2008

The government decided to apply to the United Nations Commission on the Limits of the Continental Shelf (CLCS) to approve adding 380,000 square meters to Japan's continental shelf. This decision was revealed by a secretariat staffer at the first session yesterday of the government's Headquarters for Ocean Policy's demarcation team.

It has been confirmed that there are such ocean floor resources as methane hydrate, which is drawing attention as an alternative energy for oil, sea-floor hydrothermal deposit, and manganese nodule in the sea-floor around Japan. If the CLCS approves Japan's additional continental shelf, Japan can claim that it has the right to develop such resources.

Japan will make an application in accordance with the UN Convention on the Law of the Sea, which took effect in 1994. The convention states that the sea-floor within 200 nautical miles (approximately 370 kilometers) from each country's shore as its continental shelf and allows each country to exploit ocean floor resources in that zone. Furthermore, the convention stipulates that if each country's territory is scientifically proved to be contiguous to ocean floor, that country can extend its continental shelf up to 350 nautical miles (approximately 650 kilometers).

The government has continued a full survey since 2004 and is scheduled to complete it by the end of this month. As a result of the survey, the government has judged it can apply for the Shikoku-Philippine Basin and the eastward area of the Bonin Islands as additional continental shelves of Japan. Japan will submit a survey result to the CLCS by next January. The 380,000 square meters of continental shelf is almost equal to the Japan's land area.

11) Fukuda decides to extend Diet session for short period out of desire to ensure passage of EPA with ASEAN

TOKYO SHIMBUN (Page 2) (Excerpts)
June 11, 2008

The ruling coalition decided yesterday to extend the current Diet

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session by six days. The decision stems from Prime Minister Yasuo Fukuda's strong desire to ensure parliamentary approval for an economic partnership agreement (EPA) reached between Japan and the Association of Southeast Asian Nations (ASEAN).

Speaking before reporters at the Kantei last evening, Fukuda emphasized: "The EPA with ASEAN must be passed somehow. I have asked for an extension of the session."

After the ruling coalition adopted a bill governing the special tax revenues for highway construction and maintenance by taking an override vote in the House of Representatives, both the ruling and opposition camps agreed in the Lower House on the bills and treaties that had been sent to the House of Councillors. Given this, the ruling coalition was optimistic about the situation in the last phase of the current Diet session.

However, the Democratic Party of Japan (DPJ) insisted that it would not respond to deliberations unless the government promises to summon Naoki Akiyama, executive director of the Japan-U.S. Center for Peace and Cultural Exchange, a Tokyo-based organization, to appear as a sworn witness in an Upper House's Foreign Affairs and Defense Committee meeting. But since the ruling coalition rejected this demand, the planned meeting was not held.

The government and the ruling coalition had no intention to extend

the current Diet session, based on the judgment that an extension would result in increasing opportunities for the opposition bloc, which has control of the Upper House, to pursue the government.

But if the session is extended for a short period, the EPA will be automatically approved on the 21st under the relevant rule in the Constitution. In a case in which the agreement is scrapped without an extension of the session, the government will resubmit it to the extraordinary Diet session to be convened in August. Should the EPA not be approved by the end of this year as a result of the DPJ's attempt to prolong deliberations, the effectuation of the agreement on tariffs with Malaysia and Indonesia will be delayed one year.

12) DPJ to submit censure motion today to play up confrontational stance, but lack of tension with about-face from cooperative attitude on bills related to people's livelihood

TOKYO SHIMBUN (Page 2) (Full)
June 11, 2008

The Democratic Party of Japan (DPJ) yesterday made final preparations to submit a censure motion against Prime Minister Fukuda to the House of Councillors today. If the motion is adopted, it will be the first resolution against the prime minister under the Constitution. Despite such a situation, an atmosphere of tension has not built up in the main opposition party in part because the process of handling the bills agreed on in talks with the ruling coalition has been speedily moving ahead.

The DPJ decided yesterday to leave a decision on what to do about a censure motion entirely to President Ichiro Ozawa and other executive members. Secretary General Yukio Hatoyama emphasized in a street-corner speech in Yurakucho, Tokyo:

"Unless Prime Minister Fukuda promises to abolish the health insurance system for people aged 75 or older, we would like to

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submit and adopt a censure motion. This will be the greatest opportunity for us to change the trend of politics."

DPJ Diet Affairs Committee Chairman Kenji Yamaoka met with his Liberal Democratic Party counterpart Tadamori Oshima and renewed his call for his party's agreement on the early abolition of the said system.

This approach is aimed to create an environment for the DPJ to submit a censure motion, citing the refusal by the government and the ruling coalition to scrap the elderly health plan.

In actuality, however, a confrontational mood is not significantly growing in the DPJ. That is because the ruling and opposition camps in cooperation are stepping up efforts to enact the bills related to the people's livelihood in anticipation of a suspension of Diet deliberations in the case of a censure motion presented, besides the reason that the motion will certainly not serve to prompt the prime minister to dissolve the House of Representatives for a snap election or to resign his cabinet en masse.

In the Diet session today, dozen bills, including a bill to deal with the leprosy problem, are scheduled to be adopted in an Upper House plenary session in the morning and then to be submitted in the afternoon. Since the DPJ will make a sharp turn from the cooperative stance to a confrontational one, a senior party member defined it as "a difficult and risky attempt."

For the DPJ, the submission of a censure should have meant to "show its willingness to fight seriously with the government," according to another senior member. For now, though, its effect remains unknown. A party member was overheard saying: "In order to perform its duty with clear explanations, our party should respond to calls for party-head talks."

13) Ozawa in confrontational mode, but criticism from within his party shows that not all are lined up behind him

Democratic Party of Japan (DPJ) President Ichiro Ozawa's reason for having his party submit to the Upper House of Diet today a censure motion against the Prime Minister Fukuda is to publicize his confrontational stance against the Fukuda administration. However, opposition to this move is still smoldering right down to the wire, and there are those in the party who point out, like one veteran lawmaker who said, "Even if we submit the censure motion, there is no sense of uplift from it."

At a meeting of the DPJ standing secretaries yesterday, from which Ozawa was absent, being in the regions on a stumping tour, former DPJ President Seiji Maehara criticized the DPJ's cancellation of a party-heads debate on the 11th, saying, "We should present our assertions as a party." Former President Katsuya Okada agreed with him.

Japanese Communist Party Secretary General Tadayoshi Ichida at a press conference on the 10th also was critical: "A censure motion should not be filed only under conditions where Lower House dissolution and a general election, or a cabinet resignation en masse, are unavoidable." He approved filing a resolution, but would not reject

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deliberation even if it were rejected.

14) Health care system: Ruling parties finalize improvement measures, including premium payments by pensioners' children

TOKYO SHIMBUN (Page 1) (Full)
June 11, 2008

The Liberal Democratic Party (LDP) and the New Komeito at a meeting yesterday of the ruling parties' project team on the public health insurance plan for elderly people aged 75 or older finalized measures to improve the system. The government and the ruling parties will formally adopt them on the 12th at the earliest.

A cut in the per-capita part of the premiums paid by those whose income from public pensions is less than 800,000 yen a year -- 2.7 million persons -- will be reduced from the current 70 PERCENT to 90 PERCENT. Premiums imposed in accordance with income levels will be reduced about 50 PERCENT for 900,000 persons who are exempt from local taxes with their public pension income between over 1.53 million yen and about 2.1 million yen.

However, since it is not possible to reform the system to allow a 90 PERCENT reduction in relation to the per-capita part of the premiums in time, a transitional measure will be taken this fiscal year. Under the transitional system, no premiums will be imposed for six months starting in October on those whose public pension income is less than 1.68 million yen and are eligible for a 70 PERCENT cut in relation to the per-capita part of the premiums, making their annual reduction rate 85 PERCENT. There are 4.7 million such pensioners.

The current pension deduction system will be maintained, instead of an option system between such a system and an over-the-counter premium payment system being employed. As an alternative measure, credit transfers will be allowed for those who have no records of the failure of the payments of national health insurance premiums. Premiums of those whose income from public pensions is less than 1.8 million yen can be deducted from the bank account of kin, such as children or a spouse.

Regarding consultation fees for the terminal care of elderly patients aged 75 or older, medical fees to be reimbursed to hospitals under the medical insurance system in the event a doctor or nurses documented their terminal care policy, a necessary step will be taken, based on discussion by the Central Social Insurance Medical Council. Such a step could include a freeze on the fees.

15) DPJ to forgo taking vote on Ikeno appointment in Upper House; BOJ Policy Board seat likely to remain vacant

The major opposition Democratic Party of Japan began yesterday undertaking final coordination to forgo taking a House of Councillors vote in the current Diet session on a plan to appoint Keio University Professor Kazuhito Ikeo as a member of the Bank of Japan Policy Board. The reason is that the party is being pressed for a shift in its decision to endorse the Ikeo plan by the People's New Party, which forms a joint parliamentary group in the Upper House. As a result, the Policy Board seat might be forced to remain

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vacant a while longer.

The DPJ had decided to endorse the appointment of Ikeo, but the PNP, which reversed its previous stance, demanded that the largest opposition party, too, withdraw its policy course by brandishing a threat of dissolution of the joint parliamentary group, saying that Ikeo promoted postal privatization. The DPJ decided at its executive meeting yesterday to call off the party's decision and to reconsider the matter by leaving it to the party leadership.

The party has already decided to submit a censure motion against Prime Minister Yasuo Fukuda to the Upper House. The DPJ has also made it clear that if the motion is adopted by the Upper House, it will boycott Diet deliberations if the prime minister ignores it. Given the situation, the DPJ has decided that taking a vote on the Ikeo appointment plan in the Upper House during the ongoing Diet session is difficult.

16) Basic policy guidelines determined in outline; Prime minister to uphold spending reform without treating social security as sacrosanct

The government's Council on Economic and Fiscal Policy (CEFP), chaired by Prime Minister Yasuo Fukuda, yesterday adopted an outline showing priority policies for the 2008 basic economic and fiscal policy guidelines to be drafted later this month. The outline, clearly reflect Fukuda's political identity, aims at freeing up road-related tax revenues for general purposes, as well as turning Japan into a low-carbon society and making it into a leader in the fight against global warming. The outline consists of six items, such as strengthening the economy's growth potential; promoting administrative and fiscal reforms (moving road-related revenues into the general account, carrying out a reform of revenues and expenditures, as well as a fundamental reform of the taxation system); creating a reliable social security system; and turning Japan into a low-carbon society.

The CEFP discussed the target of curbing the growth of social security spending to 1.1 trillion yen, specified in the 2006 basic policy guidelines. The prime minister indicated that he would uphold the framework of reforming the nation's spending, saying, "We will not regard social security as a sacred area." In view of public criticism of the healthcare system for the elderly and possible Lower House dissolution, calls are growing in the government and ruling parties for a withdrawal or a review of the target of curbing the nation's social security spending.

CEFP private-sector members presented a projection that the government would be able to reduce medical spending by a total of 1.44 trillion yen in the three years up to 2011. As specific measures, they pointed out increasing the rate of use of generic drugs to 40 PERCENT on a par with Western levels (880 billion yen); shortening the period of hospitalization for examination, and the elimination of redundant examinations (410 billion yen); and integration or abolition of public hospitals and reduction of personnel costs (150 billion yen). Health, Labor and Welfare Minister Yoichi Masuzoe already has said that the projection was not pragmatic, so coordination might run into snags.

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SCHIEFFER